

Message Text

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ACTION TRSE-00

INFO OCT-01 AF-10 EUR-25 ISO-00 EB-11 AID-20 CIAE-00

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SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 IO-14 NSC-07 SS-20

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 7002

INFO AMEMBASSY ANKARA

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY PRETORIA

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TAGS: EFIN, IMF, IBRD, IT

SUBJECT: US POSITION ON EXPANSION OF IMF AND IBRD

EXECUTIVE BOARDS.

REF: STATE 206226

1. US POSITION ON EXPANSION OF IMF AND IBRD EXECUTIVE BOARDS WAS CONVEYED TO BANK OF ITALY VICE DIRECTOR GENERAL OSSOLA AND TREASURY MINISTRY DIRECTOR GENERAL PALUMBO ON SEPTEMBER 19. PALUMBO CALLED BACK SAME DAY TO GIVE ITALIAN REACTION TO US POSITION WHICH HAD BEEN CLEARED BOTH BY TREASURY MINISTRY AND BY DIRECTOR GENERAL FOR ECONOMIC AFFAIRS GUAZZARONI AT FOREIGN MINISTRY.

2. PALUMBO SAID THAT ITALIAN POSITION, WHICH WAS ALSO LIMITED OFFICIAL USE

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GENERAL LINE BEING TAKEN BY OTHER EC COUNTRIES, WAS THAT

ITALY PREFERRED NOT TO EXPAND NUMBER OF EXECUTIVE DIRECTORS BEYOND TWENTY. HOWEVER, IF SPAIN'S PROPOSAL FOR OBTAINING SEAT ON TWO BOARDS IN CONJUNCTION WITH SOUTH AFRICA AND TURKEY WERE SUCCESSFUL, THIS WOULD MEAN ELIMINATION OF WEST AFRICAN SEAT IN IMF AND LATIN AMERICAN SEAT IN IBRD. ITALY WOULD LIKE TO SEE LATTER HAPPEN AND WOULD, THEREFORE, ACQUIESCE IN INCREASE FROM TWENTY TO TWENTY-ONE IN NUMBER OF SEATS ON TWO BOARDS.

3. PALUMBO SAID THAT ITALY COULD UNDERSTAND US REASONING FOR OPPOSITION TO EXPANSION OF BOARD MEMBERSHIP. HOWEVER, HE ARGUED THAT IT WAS UP TO US TO CONVINCE SPAIN NOT TO MAKE THIS MOVE. SINCE ITALY NOW REPRESENTS SPAIN IN TWO BOARDS, PALUMBO THOUGHT IT WOULD BE DIFFICULT FOR ITALY TO ANTAGONIZE SPANISH BY TAKING POSITION IN OPPOSITION TO THEIR DESIRE TO OBTAIN SEAT ON BOARDS. IN FACT, PALUMBO THOUGHT THAT SPAIN HAD REASONABLY GOOD CASE TO MAKE IN THIS REGARD. TREASATT TOLD PALUMBO THAT USG WOULD BE DISAPPOINTED IN ITALIAN UNWILLINGNESS TO TAKE FIRMER LINE IN SUPPORT OF US POSITION AND THAT SUCCESS OF SPANISH PROPOSAL WOULD SET BAD PRECEDENT FOR FUTURE.

4. IF SEEMS CLEAR THAT ITALIANS SEEK TO AVOID BECOMING EMBROILED IN DISPUTE OVER SEAT, PARTICULARLY SINCE THEY WOULD NOT WISH TO ANTAGONIZE SPAIN IN EVENT THAT SPAIN REMAINS INSIDE CONSTITUENCY HEADED BY ITALY. ON OTHER HAND, ITALY WOULD PROBABLY NOT REGRET DEPARTURE OF SPAIN FROM ITS CONSTITUENCY, SINCE THIS WOULD LEAVE ITALY IN STRONGER POSITION IN GROUP. HOWEVER, IN LATTER CASE, PORTUGAL WOULD THEN LIKELY SEEK STRONGER VOICE IN GROUP. VOLPE

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